purchase or sales of goods like State sales tax, turnover tax, purchase tax, additional sales tax, surcharge, entry tax (not in lieu of Octroi) will be subsumed in VAT. Hence, VAT will decrease multiplicity of taxes and ultimately be beneficial to common public.

(c) Information is being collected and will be laid on the Table of the House.

(d) Under Entry 54 of List II (State List) in the Seventh Schedule to the Constitution of India, tax on sale or pruchase of goods is a State subject. A process of debate and discussion for the reform of domestic trade taxes was initiated in 1994 by the State/Union Territory finance Ministers. Serious discussions to introduce a Value Added Tax (VAT), replacing the existing Sales Tax systems of the States, were initiated at a meeting of the State/ Union Territory Chief Ministers called by Dr. Manmohan Singh, the then Union Finance Minister, in December, 1995. In a subsequent meeting of Chief Ministers held on the 16th November, 1999, it was decided that a State level VAT should be introduced. This was reiterated in subsequent conferences of the Chief Minsiters held on the 22nd June, 2000 and 5th July, 2001. An empowered Committee of State Finance Ministers was also constituted on the recommendation of Chief Ministers in July, 2000, *inter-alia,* to monitor the process of introduction of VAT. In the meeting of the Empowered Committee of State Finance Ministers held on the 18th June, 2004, there was broad consensus to implement State level VAT *w.e.f.* the 1st April, 2005.

Handling of NPAs of farmers and small businessmen

4199. SHRI S.M. LALJAN BASHA: Will the Minister of FINANCE be pleased to state:

(a) the steps being taken by Government to carefully monitor the handling of NPAs of farmers and small businessmen in the country;

(b) whether it is a fact that the banks have been callous to the pleas of small businessmen to fairly settle their NPAs;

(c) whether it is also a fact that the banks have drawn distinctions between large NPAs exceeding hundreds of crores and small NPAs;

(d) to what extent is the RBI responsible for the State of affairs which works against the small businessmen in the matter of NPAs; and

(e) steps proposed to review the specific issue of NPAs affecting small and medium enterprises?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) to (e) Non-performing assets of all categories of borrowers including farmers and small businessmen are reviewed by the banks on a continued basis. The treatment to different categories is decided by the banks themselves within the existing guidelines. Banks do not resort to any kind of discrimination against any of the disadvantaged category of borrowers with NPAs, Commercial banks are operating within the over all supervision of Reserve Bank of India and there is no question of RBI making any distinction in this regard.

Both RBI and Government of India have taken several steps to reduce the incidence of NPAs of all categories of borrowers. These *inter alia* includes evolving and implementing a recovery policy by banks, filing of suits in (civil courts/DRTs) compromise settlement and monitoring and follow up of NPAs at various levels. Credit Information Bureau has also been set up to disseminate information on borrowers among the banks. Use of Corporate Debt Restructuring (CDR) scheme. Asset Reconstruction Company (India Ltd.) has been incorporated for the purpose of addressing Non-performing assets. "The Securitisation & Reconstruction of Financial Assets and enforcement of Security Interest Act, 2002" has been enacted to tackle the problem of chronic non-performing assets.

Amendment in the guidelines for NGOs receiving foreign aid

4200. SHRIMATI BIMBA RAIKAR: Will the Minister of FINANCE be pleased to state:

(a) whether the recent amendment to the guidelines for receiving foreign aid by NGOs from bilateral partners, mandates the beneficiaries to fill up and submit an additional proforma to the Department of Economic Affairs;

(b) whether the additional requirement brought about by the amendment, apart from FCRA stipulations, will delay the programme of work by the voluntary sector due to bureaucratic hassles;

(c) whether the NGOs have alleged that the new provision is against the very ethos of the voluntary sector; and

(d) if so, Government's reaction thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) Yes, Sir. Non-governmental organizations (NGOs), autonomous institutions etc., seeking external assistance from bilateral development partners are required to fill a prescribed proforma